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NATIONAL TOURISM POLICY

Background Report

PREPARED FOR THE USE OF THE

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE
HOUSE OF REPRESENTATIVES

AND ITS

SUBCOMMITTEE ON TRANSPORTATION AND COMMERCE
NINETY-SIXTH CONGRESS
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LETTER OF TRANSMITTAL

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON TRANSPORTATION AND COMMERCE,
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D.C., July 13, 1978.

Hon. HARLEY O. STAGGERS,
Chairman, Committee on Interstate and Foreign Commerce, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: The report, "National Tourism Policy," prepared by the professional staff of this Committee, deals with an important national issue. It is my belief that it would be useful if the report were published as a Committee Print.

Following four years of study, the U.S. Senate has passed a bill establishing a new national tourism policy. This report analyzes the legislative history of our current tourism policy, as carried out by the United States Travel Service, in the District of Columbia, and describes the work done by the Senate. The Subcommittee on Transportation and Commerce will hold hearings on the Senate-passed bill, S. 1097, in July and August, 1979.

I believe that all Members of the House will find the study to be of interest.

Sincerely,

JAMES J. FLORIO,
Chairman.

Enclosure.

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NATIONAL TOURISM POLICY

Background Report

Legislative History Of International Travel Act Of 1961

The main purpose of the International Travel Act of 1961 (P.L. 87–63) was to create a Federal program within the Department of Commerce specifically designed to encourage foreign tourists to visit the United States. The United States Travel Service (USTS) was organized within the Department for this purpose and funded at $3 million for fiscal year 1962.

The Act directs the Secretary of Commerce to "develop, plan, and carry out a comprehensive program designed to stimulate and encourage travel to the United States by residents of foreign countries * * *; encourage the development of tourist facilities, low cost unit tours; * * * foster and encourage the widest possible distribution of the benefits of travel at the cheapest rates * * *; encourage the simplification, reduction, or elimination of barriers to travel * * *; collect, publish and provide for the exchange of statistics and technical information." (22 U.S.C. 2122).

From 1963 through 1970 the USTS authorization level was $4.7 million a year. In 1970 this Committee held hearings on several bills to expand the authorization and scope of the USTS. As ordered reported from this Committee and enacted, the 1970 amendments to the International Travel Act of 1961 (P.L. 91–477) increased the USTS authorization to $15 million for each of fiscal years 1971, 1972, and 1973.

The 1970 amendments to the International Travel Act of 1961 also provided for a National Tourism Resources Review Commission to survey tourism needs and resources over a two–year period and develop a program. The Commission issued its report in June 1973. Its main recommendation was the establishment of a National Tourism Administration within the Department of Commerce to consolidate the present scattering of 136 programs in 46 Federal departments and agencies. The Senate introduced such a bill and held hearings. The House did not. The fact that this proposal failed to be passed reflected the consensus in both Houses that the report of the National Tourism Resources Review Commission did not provide the comprehensive base necessary for a new Federal program.

The United States suffers from a chronic imbalance in the travel accounts portion of our balance of payments, which increased from $1.3 billion in 1960 to over $3 billion in 1972. From 1973 through 1978 this deficit in the travel account has remained at approximately $3 billion each year. The deficit represents the difference between the sums spent by Americans traveling abroad or paid to foreign flag carriers and the

sums spent by foreigners in this country or paid to U.S. flag carriers. It forms a significant part of the overall balance–of–payments deficit. In 1978 total U.S. travel receipts reached $8.5 billion (including $1.2 billion paid to U.S. flag carriers and $7.3 billion spent by foreign tourists in the U.S.A.). In 1978 total U.S. travel expenditures reached $11.4 billion (including $2.9 billion paid to foreign air carriers and $8.5 billion spent abroad by American tourists). The difference of $2.9 billion represents the deficit in the U.S. travel account.[1]

The USTS, in common with many Federal agencies, has a history of substantially lower appropriation levels than authorized funding amounts. The authorization–appropriation history charted below indicates the difficulty the USTS has had in achieving an adequate level of appropriated funds.

TABLE 1.—UNITED STATES TRAVEL SERVICE
AUTHORIZATION/APPROPRIATION HISTORY
[*in thousands of dollars*]

	Authority	Appropriation requested	Appropriation [2] made	Obligated	Outlay
Fiscal year:					
1964	4,700	4,200	2,600	2,495	2,561
1965	4,700	3,950	3,000	2,991	2,432
1966	4,700	3,500	3,000	2,975	3,101
1967	4,700	4,700	3,000	2,936	3,047
1968	4,700	6,400	3,000	2,910	2,805
1969	4,700	4,678	4,500	4,441	3,742
1970	4,700	6,000	4,538	4,525	4,847
1971	15,000	6,605	4,605	4,562	4,713
1972	15,000	9,454	6,480	6,377	4,952
1973	15,000	12,081	9,000	8,843	7,515
1974	15,000	11,344	11,100	11,239	10,900
1975	20,000	11,533	11,250	11,244	10,243
1976	[1] 27,500	11,587	12,815	[3] 12,358	11,457
Transition Quarter	[1] 5,625	2,897	3,204	3,640	3,428
1977	[1] 27,500	12,220	14,470	14,469	14,373
1978	[1] 32,500	14,199	14,190	14,082	13,847
1979	30,000	14,543	13,500	N/A	N/A

1 Includes domestic tourism authority of $2,500 in FY 1976, FY 1977 and FY 1978 as well as $625 for the Transition Quarter.

2 None of the figures in this column include supplementals for pay increases.

3 The unobligated balance at the end of FY 1976 automatically carried over to the Transition Quarter.

The authorization levels for earlier years were based on implementation by the USTS of an Integrated Marketing Plan. This Plan was the result of a study completed in December 1972 for the Department of Commerce by a management consulting firm. This five–year travel and promotional program integrated USTS activities to accomplish stated objectives. Periodic measurement of the program's effectiveness was incorporated. Effectiveness has been measured by attempting to determine the number of visitors who have come to the United States solely due to USTS promotional efforts. This has been a difficult task for USTS. Over the past four fiscal years, USTS has been

1 Bureau of Economic Analysis, Department of Commerce, supplied this data.

able to qualify the results of its efforts with respect to three of its programs: tour development, incentive travel, and conventions. For the four-year period including fiscal years 1974–77, results from these three programs are as follows:

TABLE 2.—RESULTS OF USTS INTEGRATED MARKETING PLAN

Fiscal year	Budget (thousands)	Foreign visitors during calendar year (thousands)	Earnings during calendar year (millions)
1974	$11,253	200	75
1975	11,237	450	200
1976	[1]15,599	500	263
1977	14,470	800	450
Total	52,959	1,950	988
Rounded total	53,000	2,000	1,000

[1] Included extra transition quarter between fiscal years 1976 and 1977 when Federal Government changed from July 1 to October 1 at the beginning of its fiscal year.

These three measurable programs have had a cost/benefit ratio of $18.60 in foreign exchange earnings for every USTS budget dollar. Even if these results are discounted by 50 percent for those visitors who might have come to the United States in any event, the programs still will have generated nearly $10 of foreign exchange for each Federal dollar expended.

For FY 1980, the House and the Senate both propose legislation containing $8 million as an interim funding measure, pending completion and enactment of a new national tourism policy. The primary purpose of this authorization is to continue the overseas offices and marketing activities of the USTS and to maintain the Washington, D. C., staff office at a reduced level, until a new national tourism policy bill can be enacted.

The USTS authorization for fiscal year 1979 was $30 million; the appropriation was $13.5. In authorizing $8 million for fiscal year 1980, this bill proposes a reduction of $5.5 million, more than 40 percent less than the fiscal year 1979 appropriation. Therefore, the fiscal year 1980 authorization is consistent with the effort to reduce government expenditures. The main purpose of this funding is to enable the USTS to maintain the six overseas offices in Canada, Mexico, Japan, West Germany, France, and the United Kingdom. These overseas offices work directly with the travel trade and tour operators in these countries to encourage foreign residents to visit the United States.

The USTS also carries on marketing activities in nine other countries, although its limited resources do not permit it to maintain offices in these countries. Travel promotion efforts are conducted through U.S. embassies and the travel trade in Venezuela, Australia, Italy, the Netherlands, Switzerland, Sweden, Brazil, Spain, and Belgium. These 15 countries generated 91 percent of the visitors to the United States in 1977. (16.9 million international arrivals, and 85 percent of foreign exchange earnings from tourism ($5.1 billion).)

TABLE 3.—INTERNATIONAL TOURISM ARRIVALS IN THE UNITED STATES

Country of origin	1977	1976	Percent change
Canada	12,083,386	11,163,683	+8.2
Mexico	2,029,745	1,920,509	+5.7
Japan	748,743	722,386	-3.2
United Kingdom	533,244	538,486	-1.0
West Germany	386,587	365,533	+.8
France	215,554	217,284	-.8
Venezuela	208,263	152,003	+37.0
Australia	155,174	168,470	-7.9
Italy	122,108	131,375	-7.1
Netherlands	103,736	94,936	+9.3
Switzerland	89,285	91,206	-2.1
Sweden	75,718	75,270	+.6
Brazil	66,268	105,426	-37.1
Spain	59,233	57,031	+3.9
Belgium	44,929	44,753	+.4
Total	16,903,973	15,898,361	+6.3
Total, all arrivals	18,609,794	17,523,239	+6.2

TABLE 4.—INTERNATIONAL TOURISM RECEIPTS IN THE UNITED STATES (EXCLUDING TRANSPORTATION RECEIPTS)

Country of origin	1977	1976	Percent change
Canada	$2,150	$1,983	+8.4
Mexico	1,414	1,428	-1.0
Japan	436	439	-.7
United Kingdom	199	183	+8.7
West Germany	261	206	+26.7
France	120	96	+25.0
Venezuela	157	102	+53.9
Australia	96	107	-10.3
Italy	60	59	+1.7
Netherlands	57	49	+16.3
Switzerland	51	43	+18.6
Sweden	40	37	+8.1
Brazil	50	76	-34.2
Spain	29	25	+16.0
Belgium	26	22	+18.2
Total	$5,145	$4,855	+6.0
Total all receipts (excluding transportation)	$6,164	$5,806	+6.1
Transportation receipts	1,025	937	+9.4
Grand total receipts	$7,189	$6,743	+6.6

Source: United States Travel Service. 1977 is the last year for which complete statistics are available from USTS.

The USTS had made the following points when submitting its fiscal year 1979 budget estimate a year earlier:

1. Tourism ranks fourth among U.S. exports of goods behind machinery, transport equipment, grain and cereal preparations;

2. Of the total visitor arrivals and earnings projected for 1979, it is estimated that 720,000 arrivals and $375 million in earnings can be identified as being related to USTS program efforts; and

3. *International tourists account for less than 2 percent of consumer gasoline usage and use mass transportation and are generally less mobile within the United States than are American tourists.*

(Emphasis added.)

In the six major markets and nine other designated markets the USTS develops and administers several programs designed to:

- Service and train foreign wholesalers/tour operators in developing and marketing Visit USA travel;
- Assist U.S. travel industry in increasing its marketing and selling efforts in foreign markets with the best potential for U.S. travel development;
- Facilitate contacts between U.S. suppliers of tourism services and foreign buyers;
- Encourage private and public sector cooperative travel development efforts designed to increase travel to the United States and length of stay in the United States; and
- Encourage suppliers of tourism service to provide more information on travel opportunities to prospective foreign travelers.

Specifically, among other activities, the USTS conducts mass media advertising and public information campaigns in Canada, Mexico, Japan, the United Kingdom, West Germany and France; in cooperation with representatives of U.S. hotels, airlines, and other suppliers of U.S. travel arrangements, conducts seminars and workshops for travel sellers in its designated markets; provides a phone-in, write-in, walk-in source of Visit USA travel information to attract international conventions to the United States; distributes convention leads to U.S. convention and visitor bureaus for follow-up action; conducts incentive travel seminars to educate executives of foreign companies about the incentive travel concept, and to persuade incentive operators to include U.S. destinations in the incentive packages they develop for their corporate clients; identifies U.S. trade shows of interest to foreign business, and encourages foreign tour operators to develop and promote special packages featuring many of these events; and provides technical support, product promotion, and financial assistance to tour operators through a program designed to motivate them to create more package tours to the United States.

The Committee believes that this legislation authorizing $8 million for FY 1980, primarily for the overseas offices of USTS, represents a reasonable and prudent way to continue the activities of the U.S. in promoting international travel to this country. H.R. 2795 is identical to the Senate bill, S. 233, which passed the Senate on March 8, 1979, by unanimous consent.

The Subcommittee hearings on these bills also brought out the information that the expenditures by this nation in maintaining the six overseas offices of the USTS are small when compared to the amounts spent by other nations in promoting travel to their own countries. Canada, for example, spent $15 million in the United States alone in 1978 to promote travel to its country. Ireland spent $4 million for the same purpose.

One hundred and twenty-five nations operate national tourist offices. If the USTS is eliminated, as the Administration proposes, the United States will become the only industrialized nation, and one of the few independent nations, without a national tourist office or facilities in foreign countries.

At this time both the House and the Senate are reviewing our national tourism policy. Both Houses have had and continue to have serious problems with the administration of the International Travel Act of 1961 by the U.S. Travel Service. There have been many causes: inadequate support by several administrations and Secretaries of Commerce; lack of leadership, policy orientation, and planning by the USTS; and failure to coordinate tourism policy with other basic Government policies, such as energy conservation, transportation, environmental protection, immigration, and consumer protection.

Therefore, H.R. 2795 should be regarded as an interim measure to preserve the most valuable program within the scope of the USTS activities, the promotion of international travel to this country, as carried out by the six overseas offices and the marketing activities in nine other countries. The Committee believes it would be a waste of valuable resources to eliminate the USTS before the Congress has been able to review and consider our national tourism policy and decide what the appropriate Federal role should be.

At the same time that the Administration is recommending that the promotion of travel by foreign residents to this country be eliminated (each foreign visitor to the United States can be viewed as a "living export"), the Administration's budget proposal for 1980 also recommends an increase in the Federal export program of about 30 percent. The Committee concludes that these contradictory positions are not justified, nor beneficial to this country's balance of payments concerns. Despite a record foreign trade deficit of over $28 billion in 1978, foreign tourism receipts continued to improve, from $6 billion in 1977 to $7.3 billion last year, an increase of about 18 percent.

Elimination of the promotion of travel to the United States by foreign visitors ignores the fact that most foreign governments strenuously compete with each other all over the world for travel earnings, notwithstanding the efforts of the private sectors of their countries. Moreover, private American travel companies not only must compete with other travel companies, but also must compete with other governments. The USTS international promotional activities are intended to help overcome this competitive disadvantage.

More important is the fact that the beneficiaries of international travel to the United States are not merely private industries which advertise abroad. The money spent by foreign visitors provides revenues to domestic companies and interests, large and small, and jobs in the service sector for approximately 5 million persons, many of whom are

relatively low skilled and do not have job alternatives. The tax revenues accruing to the States and cities as a result of money spent by foreign visitors are enormous.

Tourism is one of the top three industries in most of the 50 States, and accounts for over $115 billion annually in consumer expenditures. When considered as a single retail industry, tourism is the third largest industry in the United States in terms of sales (exceeded only by retail grocery sales and automotive sales).[1]

The adverse effect of eliminating the overseas offices of the USTS was illustrated by the testimony of two witnesses at the Subcommittee hearings who were foreign nationals, directing travel businesses of their own in Paris, France, and Mexico City, Mexico. They both work closely with the USTS offices in those cities. They agreed that, if the USTS offices in foreign countries close, tour operators who promote travel to the United States in close collaboration with the USTS will, within a few months, channel their efforts to other destinations under the pressure, encouragement, and financing of other national tourist offices which will remain. They also agreed that the devaluation of the dollar and the decrease in airfares are not the primary reasons for the increase in foreign visitor arrivals to this country, because most of the countries with offices promoting tourism to their own lands have their currencies tied to the dollar and airfares are going down everywhere in the world, not only to North America. The conclusion was that if USTS offices disappear, competitors from other nations will fill the vacuum.

The Senate has completed a four-year study of national tourism policy and the Senate Committee on Commerce, Science, and Transportation recently reported a bill, S. 1097, which passed the Senate on May 14, 1979, and establishes a new national tourism policy. The Subcommittee on Transportation and Commerce of this Committee participated in the last phase of the Senate policy study and will hold hearings in July and August 1979 on S. 1097 and a new national tourism policy.

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[1] U.S. Travel Data Center.

Legislative History Of Domestic Travel Promotion

The domestic travel program originated in 1940 in the Department of the Interior as part of the National Park Service program. There were sporadic efforts to generate activity, interrupted by World War II and the Korean War. Although authorizing legislation was approved for fiscal years 1971 and 1972, the Department of the Interior requested no funds for fiscal year 1972 and permitted the program to become dormant. The 93d Congress was convinced that the domestic travel program needed new vitality, and for that reason, this Committee held hearings and reported a bill which became law in December 1973 (P.L. 93-193). This law transferred the domestic travel program to the Secretary of Commerce. The Committee intended that the domestic travel promotion authority be coordinated with the Department of Commerce program (in USTS) encouraging foreign residents to visit the United States under the International Travel Act of 1961.

Another reason for the transfer of the domestic travel authority to the USTS was the restrictive view taken by the Department of Commerce concerning the authority of USTS to promote travel *within* the United States by a *foreign* visitor once he arrived at a port of entry in this country. In the Department's view, the International Travel Act of 1961 did not confer authority on USTS to promote travel by a foreign visitor *past* his port of entry. This narrow interpretation greatly restricted USTS promotional efforts.

The Administration would not agree to fund the domestic travel program during the 93d Congress. $2.5 million was authorized for each of fiscal years 1976-78 for use by USTS to promote domestic travel. As the USTS Authorization/Appropriation history (on page 2) notes, the actual appropriations for those years were: FY 1976—$1.25 million; FY 1977—$1.5 million; and FY 1978—$1.008 million. There was no FY 1979 authorization. The same lack of goals, program planning, and good staff work that has hampered the USTS office in Washington, D.C. in the international travel promotion area carried over into the domestic program. For this reason, Congress did not include funding for domestic travel promotion in the FY 1980 bill.

National Tourism Policy Study

The need for this study had been apparent since the National Tourism Resources Review Commission sent its report to Congress in June 1973 according to the mandate in the 1970 amendments to the International Travel Act. This report made clear that although there were a multitude of programs and policies within the Federal government which impacted tourism, they appeared to be fragmented, diffused, and often conflicting. Moreover, little had been done to develop and refine the Federal role in helping both the public and private sectors to assure that tourism would contribute to the country's welfare.

PHASE I

To correct these problems and maximize the beneficial aspects of tourism while minimizing the costs and conflicts, the Senate undertook a study of the Federal role in tourism. Senate Resolution 347, cosponsored by 71 Senators and unanimously agreed to by the Senate on June 24, 1974, authorized the Senate Commerce Committee to conduct a study and recommend a national tourism policy and the mechanisms to coordinate and implement it.

Phase I of the National Tourism Policy Study (the Study) was completed in August 1976. Chiefly based on work done for the Committee by Robert R. Nathan Associates, Inc., it identified the Federal programs and policies which significantly impact tourism. The conclusion states:

The preceding legislative review illustrates the diversity of purposes for which tourism and tourism-related legislation have been enacted, and the ways in which various program mandates affect tourism supply and demand. The statutes covered in this chapter form the legislative foundation for significant Federal tourism and tourism-related programs, and will provide the basis for the subsequent analysis of specific programs.

A clearly enunciated Federal tourism policy is conspicuously absent in the legislation surveyed here. To the extent that such a Federal policy exists, its expression has been confined mainly to legislation associated with the U.S. Travel Service. For instance, there is little explicit recognition of tourism considerations either in the legislation or legislative histories underlying major Federal outdoor recreation programs.

In general, the Federal tourism programs created by the International Travel Act of 1961 and the Domestic Travel Act were conceived in a vacuum, with no substantial relation to other Federal programs significantly affecting tourism. These other programs, the product of the "tourism-related" legislation reviewed here, are administered for a variety of purposes that directly or indirectly affect the supply of tourism resources and the demand for tourist travel. To date, no

legislation has been enacted to provide a cohesive link among Federal tourism and tourism-related programs, or to provide tourism-related programs with policy guidance regarding the national interests in tourism.

PHASE II

Phase II of the study was completed in June, 1977, and was done under the Senate Commerce Committee's direction by Arthur D. Little, Inc. This phase surveyed and analyzed the tourism needs of the States, cities, and the private sector.

The principal vehicle for ascertaining the tourism needs of the States and local public sectors and the private sector was a series of regional and national meetings. These meetings provided an opportunity for representatives of State and local governments and the private sectors to discuss the principal issues confronting the tourism and travel industry, to articulate their needs, and to voice their recommendations concerning ways in which the current Federal involvement in tourism and travel could be made more effective and responsibe to these needs.

Printed below is Arthur D. Little, Inc.'s table setting forth the 25 top-ranked tourism and travel needs agreed upon by the participants at these meetings.

THE 25 TOP-RANKED TOURISM AND TRAVEL NEEDS

1. Need for national energy planning to promote efficient development of domestic energy resources.
2. Need to ensure that Federal emergency energy allocation and contingency planning accord the tourism/travel industry equal priority with other major industries.
3. Need for mechanism by which representative segments of the industry can provide inputs to development of Federal policies and programs on tourism development on an ongoing basis.
4. Need for better funded USTS promotion of the United States in leading foreign tourism markets (e.g., Canada, Mexico, Western Europe, Japan).
5. Need research for more effective means to conserve energy in the tourism industry (past conservation measures have only shifted travel patterns rather than actually conserving energy.)
6. Need development of long-range contingency plans for the tourism industry in the face of potential energy shortages, economic recession, etc.
7. Need for assessment of negative impacts of Federal regulations and rulings on tourism industry development efforts prior to promulgation (i.e., need for preparation of a tourism impact statement by Federal agencies).
8. Need a higher priority for tourism among State Department offices and commercial officers of the Department of Commerce overseas.
9. Need more effective professional promotion by USTS and USIA of the U.S. as a destination in major foreign visitor markets.

10. Need for greater research on the relative costs and benefits of tourism development projects as a means of raising the priority of tourism development in the public eye.
11. Need tourism development planning to alleviate the long-term negative impacts of rising energy costs on the growth of the domestic tourism and travel industry.
12. Need to reconcile conflicting rules and regulations among Federal regulatory agencies which often make proper compliance impossible and have a dampening effect on development of new facilities and services in the tourism/travel industry (e.g., Department of Labor and Internal Revenue Service; Federal Energy Administration and Occupational Safety and Health Administration).
13. Need for Federal promotional activities to be based on adequate and sound market research.
14. Need more extensive quantitative data collection and economic impact studies at the regional, State, and local levels of the tourism industry (including rural and small city areas).
15. Need better coordination between Federal agencies involved in tourism promotion and those involved in tourism development.
16. Need streamlining of EPA's environmental impact statement review process to reduce delays in tourism facility development.
17. Federal energy policies need to provide for regional differences.
18. Need assessment of possible negative impacts of Federal regulations and rulings on tourism industry promotional efforts prior to promulgation (e.g., licensing of tour brokers, CAB regulations, etc.).
19. Need promotional efforts in foreign tourism markets aimed at altering the image of the United States as an expensive international tourism destination.
20. Need greater coordination between CAB and other regulatory agencies whose activities have an impact on the tourism and travel industry.
21. Need to improve training, behavior, and attitudes of U.S. customs and immigration officials to facilitate foreign visitor clearance.
22. Federal energy policies should support development of alternative forms of transportation to the automobile (e.g., railroads and mass transit).
23. Need to ensure uniform statistical data collection procedures at the regional, state, and local levels, which would permit nationwide dissemination and sharing of such data.
24. Need to establish guidelines for common definitions of tourism terms, standardized methodologies for data collection, and research data categories responsive to tourism research needs.
25. Need for a uniform promotion policy and better coordination of promotional activities among USTS, USIA and other agencies and U.S. offices abroad having some responsibility for international visitor promotion.

PHASE III

Phase III, the final phase, was also completed by Arthur D. Little, Inc., under the direction of the Senate Commerce Committee.

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The House Interstate and Foreign Commerce Committee, through the Subcommittee on Transportation and Commerce, also funded and participated in Phase III. The House contract with Arthur D. Little, Inc., required a survey of the national tourism organizations and programs of eight foreign governments—Canada, Mexico, the United Kingdom, Ireland, France, Spain, Hong Kong, and Japan. During this survey the Arthur D. Little, Inc., study team conducted more than 100 personal interviews with key tourism personnel in both the national governments and the private sectors of these eight foreign tourism organizations.

The major comparisons of the eight foreign tourism programs are reprinted below. Except for Japan, they represent major government-supported, successful endeavors whose results are important to this Committee in deciding how to formulate a new policy. Arthur D. Little, Inc.'s Table 7 is particularly important, because it is a summary comparison of the form, budgets, and staffing of the eight foreign tourism organizations surveyed.

Comparison of the Eight Foreign Government Tourism Programs
by Arthur D. Little, Inc.,
for the Subcommittee on Transportation and Commerce of the
House Committee on Interstate and Foreign Commerce

A. *Comparative Economic Significance of Tourism and The Impact of Government Spending on Tourism*

Arthur D. Little's Table 5 (not shown) compares in summary fashion the economic significance of tourism revenues and government expenditures on tourism in the United States with the seven foreign countries surveyed and with Hong Kong.

- Direct expenditures for tourism services in 1976 formed an important component of total gross national product (GNP) in all of the countries surveyed, from a low of 1.3% of GNP in Japan to a high of 8.3% in Hong Kong. In five of the six countries for which data is readily available, tourism revenues accounted for more than 5% of GNP. In the case of the U.S., tourism revenues accounted for 5.7% of GNP in 1976.
- The significance of international tourism revenues for gross national product (excluding the balance of payments impact) varied significantly among countries, from less than one-half of one percent in the U.S. and Japan to 4.2% in Ireland and 8.3% in the case of Hong Kong.
- The total 1976 appropriation of $12.8 million for the U.S. Travel Service (USTS) was substantially lower than budget appropriations for government tourism agencies in Canada, Mexico, the United Kingdom, and Ireland. Although data is not listed, the evidence indicates that government tourism appropriations in France and Spain were significantly higher than the U.S. appropriation as well. Direct Japanese government appropriations for tourism, on the other hand, were substantially lower than U.S. appropriations, as was the case for Hong King.

- The United States had the lowest per capita expenditure for national tourist organization (NTO) activities ($.06) of any of the countries surveyed. The United Kingdom per capita expenditure was 7.3 times the U.S. expenditure, the Canadian per capita expenditure was 18.1 times the U.S. expenditure, and the Irish per capita expenditure was 120 times the U.S. per capita expenditure.
- Expenditures per capita on promotional activities in general and on international promotion in particular were similarly significantly lower in the U.S. than in seven of the eight areas surveyed. The average per capita expenditure on international promotion was $.54; the U.S. spent $.03 per capita on international promotion, or 18 times less than the average. Even the Japanese government, for which international tourism has only a marginal economic impact, spent twice what the U.S. spent on a per capita basis for international tourism promotion.
- The U.S. appropriation per capita for tourism research, planning, and development by the U.S. Travel Service was $0.01, 50 times less than the average per capita expenditure on NTO research, planning, and development by the nine countries combined.
- At 0.1%, U.S. Government international promotional expenditures as a percentage of international visitor revenues were significantly lower than those of the eight foreign governments surveyed. The same was true for total U.S. expenditures on USTS activities as a percentage of total tourism revenues. In the international field, Ireland and Japan had the highest government promotional expenditures as a percentage of international revenues—3.4% and 2.6% respectively. The other governments were in the 0.3% to 0.8% range.

At first glance, this might appear to support the contention that the U.S. is doing a relatively effective job in international promotion, spending only one-tenth of one percent in promotion for what the Nation gets back in revenues.

However, to accurately measure effectiveness, it would be necessary at a minimum to examine data on international tourism revenues before and after the implementation of an international promotional program, and to continue tracking the growth of revenues vis-a-vis the growth in promotional expenditures over time. A one-year static analysis is insufficient for drawing conclusions concerning effectiveness.

On the other hand, the data can also be interpreted to mean that U.S. international promotion efforts are currently minimal, relative to other countries and to the overall size of the United States' current and potential foreign visitor market. It is thus likely that a moderate increase in U.S. funding for international promotion would have more than offsetting positive effects on the growth of international tourism revenue. In other words, it is unlikely there would be a serious escalation in the percentage ratio of expenditures to revenues.

Finally, we should note that many government officials feel that the economic benefits of international promotion are only one form of the benefits which result from growth in international visitor traffic. International goodwill, intercultural appreciation, and understanding and acceptance of U.S. domestic and international policies are important non-economic reasons for supporting growth in international visitor flow.

(Emphasis added.)

B. *Comparison of the National Tourism Policies of the Eight Foreign Governments Surveyed*

Table 6 summarizes key characteristics of the national tourism policies of the various foreign governments surveyed as part of the study.

- Seven of the eight governments have some form of national tourism policy. Hong Kong, because of its status as a British colony and its small size, conducts tourism activities on the basis of international tourism agency policy.
- Four of the seven national tourism policies (Mexico, United Kingdom, Ireland, Japan) were developed in the form of a specific legislated mandate independent of other legislative actions. In these four cases, the legislation consisted of a statement of overall policy goals and objectives and the identification of specific organizational or programmatic means for implementing the national policy.
- In the other three cases—France, Spain, and Canada—national tourism policies were reportedly developed on the basis of legislation or executive orders mandating new or reorganized government departments or bureaus. In the case of Canada, the detailed Federal policy on tourism was the result of recommendations by an inter-departmental committee which were adopted as internal policy guidelines.
- In several countries, national tourism policy goals and the means for policy implementation have been modified over time from the original mandated legislation in the light of changing requirements, conditions, and political needs. Successful policies have frequently embodied a degree of ambiguity or generality which permitted flexible and changing interpretation of the tourism policy mandate over time.
- Within the written mandate, statements of tourism policy goals and objectives ranged from the very brief and general to very detailed statements of programmatic objectives. Repeatedly mentioned policy goals included:
  - stimulation of domestic and international visitor traffic;
  - maximization of employment, income, and revenue benefits from tourism;
  - use of tourism for regional economic development goals;
  - development and conservation of historic, cultural, and natural resources for tourism;
  - maximization of efficiency in the tourism industry;
  - development of tourism opportunities for particular segments of the population, such as youth, minorities, or the economically disadvantaged;
  - protection of the environment; and
  - maximization of tourism's contribution to the overall quality of life.

TABLE 6

COMPARISON OF THE NATIONAL TOURISM POLICIES OF THE EIGHT FOREIGN GOVERNMENTS SURVEYED

Country	Existence of National Tourism Policy	Sources/Form of Tourism Policy	Key Tourism/Policy Goals/Objectives
Canada	Yes (Federal policy; no national policy)	Legislative mandate for Dept. of Industry, Trade, and Commerce; Inter-departmental committee recommendations	Growth/efficiency of tourism industry; Maximize income from tourism; Maximize contribution to quality of life.
Mexico	Yes	Independent legislative mandate	Promote tourism; protect tourism activities; and create, conserve, protect, and develop tourism resources.
United Kingdom	Yes	Independent legislative mandate	Encourage visitor traffic to and within Great Britain; encourage provision and improvement of tourist amenities; maximize tourism's contribution to employment and income.
Ireland	Yes	Independent legislative mandate	Maximize benefits from promotion/development of tourism by optimizing income from tourism as well as tourism's contribution to the balance of payments, quality of life, enhancement and protection of cultural heritage, and conservation of physical resources.
France	Yes	Legislative mandates for tourism/ tourism-related agencies; Economic/social development plans	Expand overall tourism demand; stimulate development of employment and income in rural areas; support tourism opportunities for medium- and low-income segments of the population.
Spain	Yes	Legislative mandates for tourism/ tourism-related agencies; Economic/social development plans	Support growth in international visitor traffic; promote growth in urban recreational facilities; maximize employment and income from tourism; reduce regional disparities in income.
Hong Kong	No	Internal tourism agency policy	Maximize international visitor traffic.
Japan	Yes	Independent legislative mandate	Support growth of domestic and international tourism; contribute to international friendship, development of the economy, and reduction in regional economic and social differences.

Source: Arthur D. Little, Inc.

C. *Comparison of the Structure, Budgets, and Staffing of the National Tourist Organizations Surveyed*

Table 7 provides a summary comparison of the form, budgets, and staffing of the eight foreign national tourist organizations surveyed.

- There are three key forms of national tourist organizations in the eight governments surveyed:
  - State tourism secretariats (independent or within larger ministries);
  - government agencies or bureaus within larger departments; and
  - quasi-public tourism authorities or boards.
- Three of the eight NTO's are State secretariats for tourism. The Mexican Secretariat is independent; the French and Spanish Tourism Secretariats are located within ministries charged with additional responsibilities—the Ministry of Cultural Affairs and the Environment in the case of France, and the Ministry of Commerce and Tourism in the case of Spain.
- Two of the NTO's are government agencies within larger departments. The Canadian Government Office of Tourism is located within the Department of Industry, Trade, and Commerce. The Japanese Department of Tourism is located within the Secretariat of the Department of Transportation. Mexico has an independent government agency—the National Tourism Council—which is primarily responsible for international promotion; the Council, however, reports to the State Tourism Secretariat for policy guidance and budgetary approval.
- The United Kingdom, Ireland, and Hong Kong all have tourist authorities or boards which are quasi-public, government-funded corporations which are able to carry out commercial activities and which receive some funding in the form of subscriptions from the private sector. All of these boards look to a government department for overall policy guidance and funding. In the United Kingdom, responsibility for international and domestic tourism activities is divided between the British Tourist Authority and three national tourist boards for England, Scotland, and Wales.

  The Japanese also have a quasi-public government-funded organization—the Japan National Tourist Organization (JNTO)—which is responsible for international promotion. JNTO receives overall policy guidance and budget approval from the Department of Tourism.
- *One of the principal advantages of the quasi-public tourist authority or board lies in its potential for flexible management, staffing, and operation in dealing with the commercial aspects of tourism development and promotion. Government agencies and departments frequently tend to be bureaucratized and "rigid" in adapting to and serving the specialized needs of the industry and the traveling public. The quasi-public authority has the capability for close liaison and coordination with private sector interests and the consuming public. Commonly, private sector interests are subscribing members of such authorities and frequently they are asked to act as board directors.*
- *One of the key advantages of the government agency as a national tourist organization lies in its full capability to develop, interpret, implement, and be responsive to national tourism policy and to represent with authority within the government the interests of the*

tourism industry. In most cases, the quasi-public tourist enterprise is responsive to a bureaucratic office within a government department or ministry which, in effect, has the real political authority and influence through its powers to approve or disapprove budgetary allocations. (Emphasis added.)

- Among the foreign governments surveyed, the average 1977 national tourist organization budget was in the $20 million range, from a high of $24.6 million for Canada to a low of $6.5 million for Hong Kong.[1]
- Among the six foreign governments which reported the size of staff for their national tourism organizations, the average staff totals about 320 individuals. The smallest staffs belong to NTOs in Hong Kong and Japan, with 152 and a total of 181 respectively. The largest staffs belong to NTOs in the United Kingdom, with an estimated total of more than 700, including the national tourist boards for England, Scotland, and Wales.
- The majority of NTOs surveyed are organized internally along functional lines into divisions, branches, or subsecretariats for tourism marketing and development. Some NTOs have additional divisions or independent departments for planning and/or research. In others, these are subsumed within the marketing and development divisions. In some cases, departments or bureaus for industry regulation and for technical assistance are placed within divisions with combined responsibility for development and industry relations. In other cases, bureaus or offices with regulatory responsibilities are separated out, reporting directly to the agency or department head. Officials in several of the foreign governments indicated that internal departmental structure was frequently modified to suit the bureaucratic needs of top agency officials rather than necessarily to expedite the effectiveness of the organization's operations.

1 Spain, in 1975, had an estimated $25 million budget, but a large proportion of this was channeled into investment funds for hotel development. Budget figures should be used for purposes of general comparison only.

TABLE 7

COMPARISON OF NATIONAL TOURIST ORGANIZATIONS OF THE EIGHT FOREIGN GOVERNMENTS SURVEYED

Country	Number and Name(s) of Principal National Tourist Organizations(NTO)	Form of Principal NTO(s)	NTO(s) Staff and Budget, 1977
Canada	(1): Canadian Government Office of Tourism	Government agency	$24.6 million; 322 staff
Mexico	(2): State Secretariat for Tourism	Government department	$16 million; 250-300 staff
	National Tourism Council	Government agency	$16 million, staffing not reported
United Kingdom	(4): British Tourist Authority	Quasi-public, government-funded enterprise	$16.3 million;[1] slightly under 500 staff
	Tourist Boards for England, Scotland, Wales	" " " "	$8.1 million;[2] about 175 staff (for English Tourist Board alone)
Ireland	(1): Irish Tourist Board	Quasi-public, government-funded enterprise	$22.1 million; 350 staff
France	(1): State Secretariat for Tourism	Government department	Not disclosed
Spain	(1): State Secretariat for Tourism	Government department	$25 million;[3] staffing not reported
Hong Kong	(1): Hong Kong Tourist Association	Quasi-public government-funded enterprise	$6.5 million; 152 staff
Japan	(3): Department of Tourism	Government agency	$1.2 million; 46 staff
	Japan National Tourist Organization	Quasi-public government-funded enterprise	$6.6 million; 135 staff
	Japan Tourist Association	Private industry association indirectly supported by government funding	$1.2 million;[1] staffing not reported

NOTES: [1] 1975 budget.

[2] 1976 budget.

[3] Arthur D. Little estimate of 1975 budget; the 1975 budget for the Ministry of Information and Tourism contained appropriations for other government information and communications activities as well.

Source: Arthur D. Little, Inc.

D. *Comparison of Tourism Programs' Focus in the Eight Foreign Governments Surveyed*

Table 8 summarizes data on tourism technical assistance, planning, development, and regulatory programs of the eight foreign governments surveyed. Table 9 provides a summary of key characteristics of international tourism promotional programs of the eight governments.

- The NTOs of the eight governments have an average of 20.6 foreign promotional offices. France has the largest number with 32, while Hong Kong with nine has the smallest number. Several of the NTOs share office space with their national airlines in some destinations to reduce overhead costs of maintaining the offices.
- All of the NTOs provide direct service for consumers through their international promotion offices, although some clearly focus their promotional efforts on the travel trade. Most of the NTOs have at least some street-level offices abroad.

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TABLE 8

COMPARISON OF TOURISM TECHNICAL ASSISTANCE, PLANNING, DEVELOPMENT AND REGULATORY PROGRAMS OF THE EIGHT FOREIGN GOVERNMENTS SURVEYED

Country	Existence of Industry Technical Assistance Programs	Existence of Comprehensive Tourism Planning Program	Existence of Government Financial Support for Tourism Development	Tourism Industry Sectors Regulated by the NTO
Canada	Yes	Pilot program for national tourism planning incomplete; Provincial tourism plans in various stages of completion	Yes	None
Mexico	Yes	Currently developing a national tourism plan	Yes; grants, loans, and loan guarantees	Price regulation of hotels, restaurants, tourist guides, tourism equipment rental firms, travel agencies
United Kingdom	Yes	Identification of national development areas; first attempts at comprehensive regional tourism planning underway	Yes; grants, loans, and implicit loan guarantees	None (Tour operators regulated by Civil Aviation Authority)
Ireland	Yes	Comprehensive national and regional tourism land-use plan completed	Yes; grants and loans	Registration and quality rating of hotels
France	Yes	Regional tourism development planning within the context of five-year economic development plans	Yes; grants and loans	Licensing of travel agents; regulation of price and quality of hotels
Spain	Yes	Identification of national tourism development areas; completed national inventory of tourism resources	Yes; grants and loans	Licensing of travel agents and hotels; quality grading of hotels
Hong Kong	Yes	None	None explicitly for tourism development	None
Japan	Yes	Site-specific planning for tourism facilities and recreational areas	Yes; grants and loans	Licensing of travel agents, examination of guide-interpreters

Source: Arthur D. Little, Inc.

TABLE 9

COMPARISON OF INTERNATIONAL TOURISM PROMOTIONAL PROGRAMS OF THE EIGHT FOREIGN GOVERNMENTS SURVEYED

Country	International Promotion Budget, 1977 (Millions of Current Dollars)	Number of Foreign Promotion Offices	International Promotional Focus	Location of Foreign Offices
Canada	$15.6 [1]	22	Travel trade, but also services consumers	Canadian embassies
Mexico	$16.0 (approximate)	11	Travel trade and consumers	Street-level offices
United Kingdom	$12.2 [2]	22	Travel trade, but also services consumers	Predominantly second-floor offices (open to public); uses British air carrier offices in some cases
Ireland	$ 9.5	23	Travel trade and consumers	Street-level offices; frequently shares space with Aer Lingus
France	$ 7.2 (approximate, excluding administrative costs)	32	Travel trade and consumers	Street-level offices; frequently shares space with Air France
Spain	$11.5 (approximate)	30	Travel trade and consumers	Street-level offices
Hong Kong	$ 6.1	9	Travel trade and consumers	Represented by Cathay Pacific Airways in additional locations
Japan	$ 6.6	16	Travel trade and consumers	Street-level offices

NOTES: [1] Estimated breakdown based on data supplied by Canadian Government Office of Tourism.

[2] 1975/76 budget.

Source: Arthur D. Little, Inc.

E. *Comparison of Tourism Coordinating Mechanisms*

Table 10 compares tourism coordinating mechanisms.

° Five of the eight governments reported the existence of a single central inter-agency coordinating council or committee for tourism. For the most part, these councils or committees are made up of representatives of departmental or subdepartmental heads from departments with programs having key impacts on tourism, in addition to the head of the tourism agency or secretariat (who is frequently chairman of the interagency coordinating body). In some cases, these coordinating bodies have been set up by specific legislation, in other cases by executive order. In most cases, the councils meet at regularly specified times, with a general mandate to advise the government on tourism policy, resolve conflict among agencies, and eliminate duplication in tourism and tourism-related programs.

  For the most part, these coordinating councils of committees were reported to operate with only partial success, with their chief weaknesses being variously identified as:
  - a lack of clear mandate;
  - a lack of accountability to other than the executive head of the government;
  - insufficient specification of procedures for conducting the business of the council or committee;
  - insufficient staff support to make the council or committee truly effective; and
  - insufficient high-level departmental representation.

° Two of the eight governments—Canada and France—reported the existence of a single chief central government/regional/local government policy and planning coordinating body. Most of the other governments had either a number of overlapping regional and local coordinating bodies or handled regional and local coordination through the regional offices of their NTOs.

° Two of the eight governments—Canada and France—reported the existence of a single central government/private sector coordinating and advisory body. Again, the other governments either handled such coordination through their regional tourist organizations or through links with a number of different private sector associations and *ad hoc* advisory committees.

TABLE 10

COMPARISON OF TOURISM COORDINATING MECHANISMS AMONG THE EIGHT FOREIGN GOVERNMENTS SURVEYED

Country	Existence of Single Inter-Agency Coordinating Council or Committee on Tourism	Existence of Central Gov't.-Regional/ Local Gov't. Policy and Planning Body	Existence of Single Central Gov't.-Private Sector Coordinating and Advisory Body
Canada	Yes (Inter-departmental Committee on Tourism)	Yes (Federal-Provincial Conference on Tourism)	Yes
Mexico	Yes (Inter-Secretarial Executive Commission on Tourism)	None reported (handled by NTO regional representation)	None reported
United Kingdom	None reported (U.K. has numerous inter-departmental committees which deal with tourism matters, however)	None reported (handled by NTO regional organizations)	None reported (handled by NTO regional organizations and functional advisory committees)
Ireland	None reported	None reported (handled by NTO regional organizations)	None reported (handled by NTO regional organizations and functional advisory committees)
France	Yes	Yes	Yes (but numerous other functional committees exist as well)
Spain	Yes (Inter-Ministerial Tourism Commission)	Handled by NTO regional representation	None reported (handled by regional NTO representation and functional advisory committees)
Hong Kong	None reported	--	--
Japan	Yes (Tourism Policy Council; Inter-ministerial Liaison Council on Tourism)	Handled by NTO regional representation	None reported (handled by regional NTO representation and functional advisory committees)

Source: Arthur D. Little, Inc.

The work for the Senate under Phase III involved an assessment of selected key programs in 26 Federal agencies identified during earlier study phases as having important impacts on tourism and travel. The purpose of interviews with these agency personnel was to assess the level of priority each agency placed on tourism and travel, to review programs that significantly affected the tourism industry, and to determine what obstacles to a more effective Federal reponse existed in each agency.

The Phase III report set out:

- A proposed national tourism policy for the United States;
- General recommendations for programs to implement the policy;
- Two recommended alternatives for a Federal interagency coordinating mechanism (Policy Council);
- Two recommended alternatives for a Federal/State/local coordinating body (Planning Board); and
- Two recommended alternatives for a Federal/private industry coordinating body.

The Senate Committee on Commerce, Science, and Transportation expressly disclaimed any approval or disapproval of the Arthur D. Little, Inc., reports. However, the reports were printed and circulated. At the Senate hearings on April 21, 1978, the Arthur D. Little study team formally presented the National Tourism Policy Final Report to the Committee in a public hearing. At that hearing, the ADL representatives explained that they had recommended the following:

A national tourism policy which recognizes the importance of the existing Federal role in such traditionally defined tourism and travel areas as transportation and lodging as well as the importance of the Federal commitment to support and enhance our recreational and national heritage resources.

The national tourism policy should include at least seven principal policy goals:

- Optimize the contribution of the tourism and recreation industries to economic prosperity, full employment, regional economic develoment, and improved international balance of payments;
- Make the opportunity for, and the benefits of travel and recreation universally accessible to residents of the United States and foreign countries;
- Contribute to personal growth and education of the population, and encourage their appreciation of the geography, history, and ethnic diversity of the Nation through tourism and recreation;
- Encourage the free and welcome entry of foreigners traveling to the United States, consistent with the national interest in protecting the revenue, and preventing the entrance of illegal aliens, and the importation of prohibited merchandise at ports of entry;
- Protect and preserve the historical and cultural foundation of the Nation as a living part of community life and development, and to insure future generations an opportunity to appreciate and enjoy the rich heritage of the Nation;
- Insure the compatibility of tourism and recreation policies and activities with other national interests in energy development and conservation, environmental protection, and judicious use of natural resources; and

- Harmonize, to the maximum extent possible, all Federal activities supporting the needs of the general public and the public and private sectors of the tourism and recreation industries. Take a leadership role with all concerned with tourism, recreation, and national heritage preservation.

To implement the proposed national tourism policy, the Congress should create two organizational entities to assure effective programmatic interpretation of the policy: a principal Federal travel and recreation agency and a principal Federal interagency coordinating council. The Congress should also encourage State and local governments and the private sectors of the tourism and recreation industries to create, in close cooperation with Federal officials, a principal Federal/State/local coordinating body and a principal Federal/private industry coordinating body for travel and recreation.

The proposed principal Federal travel and recreation agency—the U.S. Travel and Recreation Agency—should be created as an executive agency outside of existing departmental structures (headed by an Administrator appointed by the President) through a consolidation of the staff, budgets, and most activities now carried out by the U.S. Travel Service, the Bureau of Outdoor Recreation, the National Visitor Center of the National Park Service, and the Office of Archeology and Historic Preservation of the National Park Service.

The programs in the U.S. Travel and Recreation Agency should chiefly be concerned with the following areas: basic and applied research in travel and recreation; assistance in and coordination of tourism and recreation planning at the local, State, and national levels; technical assistance, education, and informational clearinghouse services to both industry and consumers; and consolidation of existing grants-in-aid programs for the development of touristic, recreational and national heritage resources, attractions, and facilities. International tourism promotional activities should be stepped up, while domestic promotional activities on the part of the Federal Government should be limited to indirect support for State, local, and private sector promotional activities.

The National Travel and Recreation Policy Council should be established as an independent Federal policy coordinating body chaired by a member of the President's domestic and international economic advisory staff and consisting of the 18 department or agency heads whose departments or agencies have important tourism and recreation-related programs or programs which significantly impact on tourism and recreation interests. The Policy Council would be charged with monitoring Federal agencies' compliance with national tourism and recreation policy and coordination of the policy's interpretation with other national interests. To assure the effectiveness of the Council and the cooperation of participating agencies, annual reports to the Congress would be required.

State and local governments, working in coordination with Federal officials, should be encouraged to establish an Intergovernmental Travel and Recreation Planning Board as a principal Federal/State/local public sector coordinating body made up of State and local travel and outdoor recreation officials and representatives from the U.S. Travel and Recreation Agency. The Planning Board's primary purpose would be to

coordinate State and local tourism and recreation interests with Federal activities related to national tourism and recreation policies.

Private sector officials of the travel and recreation industries should be encouraged to establish a Travel and Recreation Board as a principal Federal/private industry coordinating body in tourism and recreation. The Development Board would coordinate private sector interests with Federal activities related to national tourism and recreation policies, including identification of private sector problems, development of industry programs, and reviewing, commenting, and making recommendations of Federal tourism, recreation and heritage resource preservation policies and programs to the U.S. Travel and Recreation Agency and the National Travel and Recreation Policy Council.

In addition to the recommendations the report contained drafts of two alternative pieces of legislation to implement its two organizational options. According to ADL either option appeared to be achievable within an annual increased expenditure range (from general revenue) of $1.9 to $2.7 million. The first option involved consolidation of several existing agencies into a new, separate entity. The second option proposed to restructure completely the U.S. Travel Service.

Following these and several other days of hearings, the Senate bill, S. 1097, was considered, ordered reported by the Committee, and passed the Senate unanimously on May 14, 1979.

INTERNATIONAL TRAVEL ACT OF 1961
(Public Law 87–63)
(as amended through Public Law 94–55)

To strengthen the domestic and foreign commerce of the United States by providing for the establishment of a United States Travel Service within the Department of Commerce.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That it is the purpose of this Act to strengthen the domestic and foreign commerce of the United States, and promote friendly understanding and appreciation of the United States by encouraging foreign residents to visit the United States and by facilitating international travel generally.

SEC. 2. In order to carry out the purposes of this Act the Secretary of Commerce (hereafter in this Act referred to as the "Secretary") shall—

(1) develop, plan, and carry out a comprehensive program designed to stimulate and encourage travel to the United States by residents of foreign countries for the purpose of study, culture, recreation, business, and other activities as a means of promoting friendly understanding and good will among peoples of foreign countries and of the United States;

(2) encourage the development of tourist facilities, low cost unit tours, and other arrangements within the United States for meeting the requirements of foreign visitors;

(3) foster and encourage the widest possible distribution of the benefits of travel at the cheapest rates between foreign countries and the United States consistent with sound economic principles;

(4) encourage the simplification, reduction, or elimination of barriers to travel, and the facilitation of international travel generally;

(5) collect, publish, and provide for the exchange of statistics and technical information, including schedules of meetings, fairs, and other attractions, relating to international travel and tourism; and

(6) encourage to the maximum extent feasible travel to and from the United States on United States carriers.

SEC. 3. (a) In performing the duties set forth in section 2, the Secretary—

(1) shall utilize the facilities and services of existing agencies of the Federal Government to the fullest extent possible including the maximum utilization of counterpart funds; and, to the fullest extent consistent with the performance of their own duties and functions, such agencies shall permit such utilization of facilities and services;

(2) may consult and cooperate with individuals, businesses, and organizations engaged in or concerned with international travel, including local, State, Federal, and foreign governments, and international agencies;

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(3) may obtain by contract and otherwise the advice and services of qualified professional organizations and personnel;

(4) after consultation with the Secretary of State, may establish such branches in foreign countries, as he deems to be necessary and desirable; and

(5) upon the application of any State or political subdivision or combination thereof, or private or public nonprofit organization or association, may make grants for projects designed to carry out the purposes of this Act if he finds that such projects will facilitate and encourage travel to any State or political subdivision or combination thereof by residents of foreign countries. No financial assistance will be made available under this clause unless the Secretary determines that matching funds will be available from State or other non-Federal sources and in no event will the amount of any grant under this clause for any project exceed 50 per centum of the cost of such project. The Secretary is authorized to establish such policies, standards, criteria, and procedures and to prescribe such rules and regulations as he may deem necessary or appropriate for the administration of this clause;

(6) may enter into contracts with private profit- or non-profit-making individuals, businesses, and organizations for projects designed to carry out the purposes of the Act whenever he determines that such projects cannot be accomplished under the authority of clause (5) of this subsection; and

(7) may make awards of merchandise manufactured and purchased in the United States to travel agents and tour operators in foreign countries as an incentive for their promotion of travel to the United States by residents of foreign countries. The Secretary is authorized to establish such policies, standards, criteria, and procedures as he may deem necessary or appropriate for the administration of this clause.

(b) The Secretary, under the authority of this Act, shall not provide or arrange for transportation for, or accommodations to, persons traveling between foreign countries and the United States in competition with businesses engaged in providing or arranging for such transportation or accommodations.

(c) Each recipient of assistance under clause (5) of subsection (a) of this section shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

(d) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipients that are pertinent to the assistance received under clause (5) of subsection (a) of this section.

SEC. 4. There is established in the Department of Commerce a United States Travel Service which shall be headed by an Assistant Secretary of Commerce for Tourism who shall be appointed by the

President, by and with the advice and consent of the Senate, and who shall report directly to the Secretary. All the duties and responsibilities of the Secretary under this Act shall be exercised directly by the Secretary or by the Secretary through the Assistant Secretary of Commerce.

SEC. 5. The Secretary shall submit semi annually to the President and to the Congress a report on his activities under this Act.

SEC. 6. For the purpose of carrying the provisions of this Act, there is authorized to be appropriated an aggregate amount not in excess of (1) $15,000,000 for the fiscal year ending June 30, 1974; (2) $20,000,000 for the fiscal year ending June 30, 1975; (3) $25,000,000 for the fiscal year ending June 30, 1976; (4) $5,000,000 for the transition period of July 1, 1976, through September 30, 1976; (5) $25,000,000 for the fiscal year ending September 30, 1977; (6) $30,000,000 for the fiscal year ending September 30, 1978; and (7) $30,000,000 for the fiscal year ending September 30, 1979.

SEC. 7. As used in this Act, the term "United States" and the term "State" are defined to include the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands.

SEC. 8. This Act may be cited as the "International Travel Act of 1961".

Calendar No. 133

96TH CONGRESS
1ST SESSION

S. 1097

[Report No. 96–126]

To establish a national tourism policy, a Cabinet level coordinating council and a nonprofit corporation as an implementing agency to carry out the national tourism policy.

IN THE SENATE OF THE UNITED STATES

MAY 8 (legislative day, APRIL 9), 1979

Mr. CANNON, from the Committee on Commerce, Science, and Transportation, reported the following bill; which was read twice and ordered placed on the calendar

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A BILL

To establish a national tourism policy, a Cabinet level coordinating council and a nonprofit corporation as an implementing agency to carry out the national tourism policy.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Tourism Policy Act".

TITLE I—NATIONAL TOURISM POLICY

SEC. 101. FINDINGS AND PURPOSE.

(a) The Congress finds that—

(1) the tourism and recreation industries are important to the United States, not only because of the numbers of people they serve and the vast human, financial, and physical resources they employ, but because of the great benefits tourism, recreation, and related activities confer on individuals and on society as a whole;

(2) the Federal Government for many years has encouraged tourism and recreation implicitly in its statutory commitments to the shorter workyear and to the national passenger transportation system, and explicitly in a number of legislative enactments to promote tourism, and support development of outdoor recreation, cultural attractions, and historic and natural heritage resources;

(3) as incomes and leisure time continue to increase, and as our economic and political systems develop more complex global relationships, tourism and recreation will become ever more important aspects of our daily lives and our growing leisure time; and

(4) the existing extensive Federal Government involvement in tourism, recreation, and other related ac-

tivities needs to be better coordinated to effectively respond to the national interests in tourism and recreation and where appropriate, to meet the needs of State and local governments and the private sector.

(b) It is the purpose of this Act to establish a cooperative effort between the Federal Government and State and local governments and other concerned public and private organizations, to use all practicable means and measures, including financial and technical assistance, to implement a national tourism policy that will—

(1) optimize the contribution of the tourism and recreation industries to economic prosperity, full employment, and the international balance of payments of the Nation;

(2) make the opportunity for and benefits of tourism and recreation in the United States universally accessible to residents of the United States and foreign countries and to insure that present and future generations be afforded adequate tourism and recreation resources;

(3) contribute to personal growth, health, education, and intercultural appreciation of the geography, history, and ethnicity of the United States;

(4) encourage the free and welcome entry of individuals traveling to the United States, in order to en-

hance international understanding and goodwill, consistent with immigration laws, the laws protecting the public health, and laws governing the importation of goods into the United States;

(5) eliminate unnecessary trade barriers to the United States tourism industry operating throughout the world;

(6) encourage competition in the tourism industry and maximum consumer choice through the continued viability of the retail travel agent industry and the independent tour operator industry;

(7) promote the continued development and availability of alternative personal payment mechanisms which facilitate national and international travel;

(8) promote quality, integrity, and reliability in all tourism and tourism-related services offered to visitors to the United States;

(9) preserve the historical and cultural foundations of the Nation as a living part of community life and development, and to insure future generations an opportunity to appreciate and enjoy the rich heritage of the Nation;

(10) insure the compatibility of tourism and recreation with other national interests in energy develop-

ment and conservation, environmental protection, and the judicious use of natural resources;

(11) assist in the collection, analysis, and dissemination of data which accurately measure the economic and social impact of tourism to and in the United States, in order to facilitate planning in the public and private sector; and

(12) harmonize, to the maximum extent possible, all Federal activities in support of tourism and recreation with the needs of the general public and the States, territories, local governments, and the private and public sectors of the tourism and recreation industry, and to give leadership to all concerned with tourism, recreation, and national heritage preservation in the United States.

TITLE II—NATIONAL TOURISM POLICY COUNCIL

SEC. 201. ESTABLISHMENT OF COUNCIL.

(a) There is established as an independent entity in the executive branch a National Tourism Policy Council (hereinafter referred to as the "Council"). The Council shall be the principal coordinating body for policies, programs and issues relating to tourism, recreation, or national heritage resources involving Federal departments, agencies, or other entities.

(b) The Council shall consist of—

(1) the Assistant to the President for Domestic Affairs and Policy, who shall serve as the Chairman of the Council;

(2) the President of the United States Travel and Tourism Development Corporation (as created in title III of this Act), who shall serve as the Vice Chairman of the Council and who shall act as Chairman of the Council in the absence of the Chairman;

(3) the Secretaries of the Department of Transportation; the Department of the Interior; the Department of Commerce; the Department of State; the Department of Agriculture; the Department of Labor; the Department of Treasury; the Department of Health, Education, and Welfare; the Department of Energy; the Department of Defense; the Department of Housing and Urban Development;

(4) the Attorney General of the United States;

(5) the Chairmen of the Civil Aeronautics Board; the Interstate Commerce Commission; and the Federal Trade Commission; and

(6) the Administrators of the International Communication Agency and the Environmental Protection Agency.

(c) Each member of the Council, other than the Chairman and the Vice Chairman may designate an alternate, who

shall serve as a member of the Council whenever the regular member is unable to attend a meeting of the Council or any committee of the Council. A member of the Council who assigns an alternate to serve as a member of the Council on those occasions when the regular member is unable to attend a meeting shall make such assignment for the remainder of the member's term on the Council. Any such designated alternate shall be selected from individuals who exercise significant decisionmaking authority in the Federal agency involved and shall be authorized to make decisions on behalf of the member for whom he is serving.

(d) Whenever the Council, or a committee of the Council, considers matters that affect the interests of Federal agencies that are not represented on the Council or the committee, the Chairman may invite the heads of such agencies, or their alternates, to participate in the deliberations of the Council or committee.

(e) The Council shall conduct its first meeting not later than 90 days after the enactment of this Act. Thereafter the Council shall meet not less than once each 90 days.

(f) All meetings of the Council, including any committee of the Council, shall be open to the public.

(g) The Chairman, with the approval of the Council, shall appoint an Executive Director who shall serve in a full-

time capacity as the chief executive officer of the Council. The Executive Director—

(1) shall be an individual who by virtue of training, experience, and attainments is exceptionally well-qualified to appraise programs and activities of the Federal Government in light of the policies set forth in title I of this Act and to formulate recommendations for the improvement of such programs and activities;

(2) shall be appointed without regard to title 5 of the United States Code governing appointments in the competitive service;

(3) shall be compensated at the rate now or hereafter prescribed for level V of the Executive Schedule by section 5316 of title 5, United States Code; and

(4) shall not concurrently hold any other office or position of employment with the United States.

(h) Members of the Council shall serve without additional compensation, but shall be reimbursed for actual and necessary expenses, including travel expenses, incurred by them in carrying out the duties of the Council.

SEC. 202. FUNCTIONS OF POLICY COUNCIL.

(a) The Council shall be the principal coordinating body for policies, programs, and issues relating to tourism, recreation, or national heritage resources involving Federal depart-

ments, agencies, or other entities. Among other things, the Council shall—

(1) direct Council staff activities, such as the study of appropriate issues and the preparation of reports;

(2) approve or disapprove the Council staff recommendations and reports;

(3) coordinate the policies and programs of member agencies that have a significant effect on tourism, recreation, and national heritage preservation;

(4) develop areas of cooperative program activity;

(5) resolve interagency program and policy conflicts;

(6) seek and receive concerns and views of State and local governments and the private sector with respect to Federal programs and policies deemed to conflict with the orderly growth and development of tourism; and

(7) refer problems to the Council's policy committees for study, recommendations, and resolution.

SEC. 203. ADMINISTRATIVE POWERS AND PROVISIONS.

In order to carry out the provisions of this title—

(1) the Council may promulgate, issue, rescind, and amend regulations governing the manner or operation of the Council;

(2) the Executive Director, with the approval of the Council, may appoint and fix the compensation of such employees, according to the provisions of title 5, United States Code, governing appointments in the competitive service, as may be necessary to carry out the functions of the Council: *Provided,* That no such employee (other than the Executive Director) shall be compensated at a rate exceeding the rate now or hereafter prescribed for positions under GS–15 of the General Schedule by section 5332 of title 5 of the United States Code;

(3) the Executive Director, with the approval of the Council, may obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code, at rates for individuals not to exceed the daily equivalent now or hereafter prescribed for positions under GS–18 of the General Schedule by section 5332 of title 5 of the United States Code;

(4) the Executive Director, with the approval of the Council, may request directly from any Federal department or agency such personnel, information, services, or facilities, on a compensated or uncompensated basis, as he deems necessary to carry out the functions of the Council;

(5) each Federal department or agency shall furnish the Council with such information, services, and facilities as it may request to the extent permitted by law and within the limits of available funds;

(6) Federal agencies and departments may, in their discretion, detail to temporary duty with the Council, such personnel as the Council may request for carrying out the functions of the Council, each such detail to be without loss of seniority, pay, or other employee status; and

(7) the General Services Administration shall provide administrative services for the Council on a reimbursable basis.

SEC. 204. EXECUTIVE COMMITTEE.

The Council shall have an Executive Committee which shall be comprised of the Council Chairman, the Council Vice Chairman, and the Secretaries of the Department of Commerce, the Department of the Interior, the Department of Transportation, the Department of State, the Department of Agriculture, and the Department of Labor. The Executive Committee of the Council shall have such authority as the Council may from to time delegate to it, *Provided,* That any such delegation shall be consistent with the other provisions of this title and shall not relieve the Council of full responsibility for the carrying out of its duties and functions.

SEC. 205. POLICY COMMITTEES.

(a) The Council shall have 4 Policy Committees as follows:

(1) The Transportation and Facilitation Policy Committee which shall consist of the heads of the following agencies or their designated representatives: the United States Travel and Tourism Development Corporation, the Federal Maritime Administration, the Federal Highway Administration, the Federal Aviation Administration, the Urban Mass Transportation Administration, the United States Coast Guard, the Bureau of Economic and Business Affairs, the Department of Energy, the Immigration and Naturalization Service, the Animal and Plant Health Inspection Service, the United States Customs Service, the Civil Aeronautics Board, the Interstate Commerce Commission, the Federal Trade Commission, the Bureau of Security and Counselor Affairs, and the National Railroad Passenger Corporation.

(2) The Economic Development Policy Committee which shall consist of the heads of the following agencies, or their designated representatives: the United States Travel and Tourism Development Corporation, the Economic Development Administration, the Industry and Trade Administration, the Bureau of the Census, the Rural Development Service, the Regional

Commissions of the Department of Commerce, the Internal Revenue Service, the Occupational Safety and Health Administration, the Employment Standards Administration, the Bureau of Labor Statistics, the Bureau of Indian Affairs, the Economic Research Service, the Farmers Home Administration, the Cooperative State Research Service, the Department of Energy, the Office of Community Planning and Development of the Department of Housing and Urban Development, the Small Business Administration, and the Appalachian Regional Commission.

(3) The Energy and Natural Resources Policy Committee which shall consist of representatives of the following agencies, or their designated representatives: the United States Travel and Tourism Development Corporation, the Department of Energy, the National Oceanic and Atmospheric Administration, the Bureau of Reclamation, the Bureau of Land Management, the United States Forest Service, the National Park Service, the United States Fish and Wildlife Service, the Army Corps of Engineers, and the Environmental Protection Agency.

(4) The Health, Education, and Cultural Policy Committee which shall consist of heads of the following agencies, or their designated representatives: the

United States Travel and Tourism Development Corporation, the National Institutes of Health, the National Institute of Mental Health, the Office of Education, the National Institute of Education, the Extension Service, the National Endowment for the Arts, the National Endowment for the Humanities, the International Communication Agency, and the Smithsonian Institution.

(b) Each of the Policy Committees shall review and comment on Federal agency program and planning documents that will have a substantial effect on tourism, recreation and heritage resource preservation and that are appropriate to the Committee's functional responsibilities and agency representation. Each Policy Committee may also initiate its own agenda and discuss tourism, recreation, and heritage resource preservation related issues, and problems referred to it by the tourism and recreation industry through the Council.

(c) The members of each of the Policy Committees shall from time to time elect one of its members to serve as Chairman of the Policy Committee and one or more of its members to serve as Vice Chairman or Vice Chairmen.

(d) Each head of an agency serving on a Policy Committee may designate an alternate to serve for him on the Policy Committee, so long as such alternate is designated perma-

nently for the representative whom he replaces and is empowered to act fully for the agency or entity whom he represents.

(e) Each of the Policy Committees shall hold its initial meeting within 90 days of the enactment of this Act and thereafter shall meet at the call of the Chairman of the Policy Committee or the Chairman of the Council, but not less than six times a year.

(f) Members of a Policy Committee shall serve without additional compensation, but shall be reimbursed for actual and necessary expenses, including travel expenses, incurred by them in carrying out the duties of the Policy Committee.

SEC. 206. ANNUAL REPORT TO THE PRESIDENT AND CONGRESS.

The Council shall, beginning with the first complete fiscal year following the date of enactment of this Act, submit an annual report for the preceding fiscal year, to the President for transmittal to Congress on or before the 31st day of December of each year. The report shall include—

(1) a comprehensive and detailed report of the activities and accomplishments of the Council and its Policy Committees;

(2) the results of Council efforts to coordinate the policies and programs of member agencies that have a significant effect on tourism, recreation, and national

heritage preservation, resolve interagency conflicts, and develop areas of cooperative program activity;

(3) an analysis of problems referred to the Council by State and local governments, the tourism industry, the United States Travel and Development Corporation, or any of the Council's Policy Committees along with a detailed statement of any actions taken or anticipated to be taken to resolve such problems; and

(4) such recommendations as the Council deems appropriate.

SEC. 207. AUTHORIZATIONS OF APPROPRIATIONS.

To carry out the provisions of title II of this Act, there is hereby authorized to be appropriated for each of the fiscal years ending on September 30, 1980, and 1981, the sum of $500,000.

TITLE III—THE UNITED STATES TRAVEL AND TOURISM DEVELOPMENT CORPORATION

SEC. 301. PURPOSE.

It is the purpose of this title to establish a nonprofit corporation, to be known as the "United States Travel and Tourism Development Corporation".

SEC. 302. CONGRESSIONAL DECLARATION OF POLICY.

The Congress finds and declares—

(1) that it is in the national interest to encourage the orderly growth and development of tourism to and within the United States;

(2) that orderly growth and development of tourism depends on the efforts of the public and private sectors of that industry to assure that the objectives of the national tourism policy are implemented to the maximum extent consistent with other public policy objectives;

(3) that orderly growth and development of tourism, while matters for regional, State, local, and private development, are also of appropriate and important concern to the Federal Government;

(4) that it furthers the national interests to assure that the extensive Federal policy and programmatic involvement in tourism is responsive to the needs and interests of the public and private sectors of that industry;

(5) that in view of the importance of travel and tourism to the economy of the United States, and the pervasive Federal policy and programmatic involvement in tourism, it is necessary and appropriate for the Federal Government to complement, assist and support mechanisms that will most effectively assure implementation of the national tourism policy; and

(6) that a federally chartered, nonprofit corporation should be created to promote and facilitate the orderly growth and development of tourism and to assist in the implementation of the national tourism policy.

SEC. 303. CORPORATION ESTABLISHED.

There is established a nonprofit corporation, to be known as the "United States Travel and Tourism Development Corporation", which shall not be an agency or establishment of the United States Government. The Corporation shall be subject to the provisions of this Act, and, to the extent consistent with this Act, to the District of Columbia Nonprofit Corporation Act.

SEC. 304. BOARD OF DIRECTORS.

(a) The Corporation shall have a Board of Directors (hereinafter referred to as the "Board"), consisting of 15 members appointed by the President, by and with the advice and consent of the Senate. Not more than 8 members of the Board may be members of the same political party.

(b) The members of the Board (1) shall be appointed from among citizens of the United States (not regular full-time employees of the United States) who are senior executive officers of tourism corporations and other organizations representative of such segments of the tourism industry as, but not limited to, transportation, lodging, wholesale and retail travel sales, employee relations, attractions and out-

door amusement facilities, recreation, heritage resources, consumers, convention and visitor bureaus, travel trade associations and elected officials of cities and States; and (2) shall be selected so as to provide as nearly as practicable a broad representation of different geographical regions within the United States and of the diverse and varied segments of the tourism industry. At least one member of the Board shall be a consumer advocate/ombudsman from the nonprofit sector of the organized public interest community, and at least one member of the Board shall be a senior representative from a labor organization representing employees in the tourism industry.

(c) The members of the initial Board of Directors shall be appointed by the President within 120 days of the enactment of this Act and shall serve as incorporators and take whatever actions are necessary to establish the Corporation as expeditiously as possible under the District of Columbia Nonprofit Corporation Act.

(d) The term of office of each member of the Board shall be 3 years; except that (1) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term; and (2) the terms of office of members first taking office shall begin on the date of incorporation and shall expire, as designated at the time of their

appointment, five at the end of the 1st year, five at the end of the 2d year, and five at the end of the 3d year. No member shall be eligible to serve in excess of 2 consecutive terms of 3 years each. A member who does not regularly attend meetings of the Board shall be replaced. Notwithstanding the preceding provisions of this paragraph, a member whose term has expired may serve until a successor has qualified.

(e) Any vacancy in the Board shall not affect its power, but shall be filled in the manner in which the original appointment was made.

(f) A majority of the directors shall constitute a quorum and action shall be taken only by a majority vote of those present.

SEC. 305. ELECTION OF CHAIRMAN: COMPENSATION.

(a) The President shall designate one of the members first appointed to the Board as Chairman and thereafter the members of the Board shall annually elect one of their number as Chairman. The members of the Board shall also elect one or more of them as Vice Chairman or Vice Chairmen.

(b) The members of the Board shall not, by reason of such membership, be deemed to be employees of the United States. Members of the Board shall serve without compensation, but shall be reimbursed for actual and necessary ex-

penses, including travel expenses, incurred by them in carrying out the duties of the Board.

SEC. 306. OFFICERS AND EMPLOYEES.

(a) The Corporation shall have a President, and such other officers as may be named and appointed by the Board for terms and at rates of compensation fixed by the Board. No individual other than a citizen of the United States may be an officer of the Corporation. No officer who is an employee of the Corporation may receive any salary or other compensation from any source other than the Corporation during the period of his employment by the Corporation. All officers shall serve at the pleasure of the Board. The officers and employees of the Corporation shall not be deemed to be employees of the United States.

(b) Except as provided in the second sentence of section 304(a) of this Act, no political test or qualification shall be used in selecting, appointing, promoting, or taking other personnel actions with respect to officers, agents, and employees of the Corporation.

SEC. 307. NONPROFIT AND NONPOLITICAL NATURE OF THE CORPORATION.

(a) The Corporation shall have no power to issue any shares of stock, or to declare or pay any dividends.

(b) The income and assets of the Corporation shall not be used for any purpose other than carrying out the purposes

of the Corporation as set forth in this title, and no part of such income or assets shall inure to the benefit of any director, officer, employee, or any other individual except as salary or reasonable compensation for services.

(c) The Corporation may not contribute to or otherwise support any political party or candidate for elective public office.

SEC. 308. PURPOSES AND ACTIVITIES OF THE CORPORATION.

(a) In order to achieve the objectives and to carry out the purposes of this title the Corporation is authorized to assist the Congress of the United States, the National Tourism Policy Council, all Federal agencies having policy and programmatic responsibilities affecting tourism, and the public and private sectors of the tourism industry.

(b) The primary purpose and activity of the Corporation shall be developing and administering a comprehensive tourism program designed to stimulate and encourage travel to the United States by residents of other countries for the purposes of study, culture, international congresses, recreation, business, and other activities. The Corporation's activities may not compete with activities of any State, city, or private agency.

(c) Included in the activities of the Corporation authorized for accomplishment of the purposes set forth in this title, are, among others not specifically named—

(1) establishing branch offices in foreign countries and facilitating services at United States ports-of-entry without, to the maximum extent feasible, consultation with the Secretary of State or other Government agencies;

(2) consulting with foreign countries on travel and tourism matters and, in accordance with applicable law, representing United States travel and tourism interests in international meetings, conferences, and expositions;

(3) participating as a party in interest in proceedings before Federal agencies when such initiation or intervention is necessary to implement or further the national tourism policy as set forth in title I of this Act;

(4) monitoring the existing and proposed policies and programs significantly affecting tourism of all Federal agencies to ascertain whether, insofar as consistent with other public policy objectives, they are in furtherance of the objectives of the national tourism policy, and reporting the results of its monitoring activities at least semiannually to the Congress and the National Tourism Policy Council, or more frequently if necessary;

(5) monitoring the policies and programs significantly affecting tourism of all Federal agencies for the

purpose of ascertaining instances of intraagency and interagency duplication or contradiction and reporting the results of its monitoring activities at least semiannually to the concerned agencies, the Congress, and the National Tourism Policy Council, or more frequently if necessary;

(6) developing and administering a comprehensive program relating to industry information, data service, training and education, and technical assistance;

(7) developing and administering a comprehensive program relating to consumer information, protection, and education;

(8) developing a program to seek and to receive information on a continuing basis from the tourism industry, including consumer and travel trade associations, regarding needs and interests which should be met by an agency or program, and directing that information to the appropriate agency; and

(9) encouraging to the maximum extent feasible travel to and from the United States on United States carriers.

SEC. 309. ADMINISTRATIVE POWERS AND PROVISIONS.

(a) To carry out the purposes and activities of the Corporation as set forth in section 308 of this Act, the Corporation shall have the usual powers conferred upon a nonprofit

corporation by the District of Columbia Nonprofit Corporation Act to the extent that such powers are not inconsistent with this Act. In addition the Corporation is authorized to—

(1) enter into such contracts, agreements, or other transactions as the Board of Directors deems appropriate. *Provided,* That in entering into any contract, agreement, or transaction the Corporation shall rely on competitive bidding to the maximum extent practicable;

(2) accept in the name of the Corporation and employ or dispose of in furtherance of the objectives of this title any money, or property, real, personal, or mixed, tangible or intangible, received by gift, devise, bequest, or otherwise;

(3) appoint such officers and employees as the Board deems necessary, and fix their compensation without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, except that no officer or employee of the Corporation may be compensated in excess of the rates now or hereafter prescribed for level I of the Executive Schedule under section 5312 of title 5 of the United States Code;

(4) obtain the services of experts and consultants without regard to section 3109 of title 5 of the United States Code except that no such expert or consultant

may be compensated at rates which exceed the daily equivalents of rates now or hereafter prescribed for GS–18 of the General Schedule by section 5332 of title 5 of the United States Code;

(5) accept voluntary and uncompensated services of attorneys, consultants, and experts notwithstanding any other provision of law;

(6) appoint without compensation, such advisory committees as the Board deems appropriate; and

(7) accept and use with their consent, with or without reimbursement, such personnel, services, equipment, and facilities of agencies of the Federal Government, State governments, or local political subdivisions thereof, as are necessary to conduct the activities of the Corporation efficiently.

(b) Upon request made by the President of the Corporation, each Federal agency is authorized and directed—

(1) to make its services, personnel, and facilities available to the greatest practicable extent to assist the Corporation in the performance of its functions; and

(2) to furnish to the Corporation, subject to the provisions of applicable law, such information, suggestions, estimates, and statistics as the President of the Corporation may request.

(c) The Corporation may not—

(1) provide or arrange for transportation or accommodations for persons traveling between other countries and the United States, or between points within the United States, in competition with businesses engaged in providing or arranging for such transportation or accommodations;

(2) operate industry trade shows or related activities within the United States or provide personnel or financial assistance for such trade shows or activities;

(3) promulgate any rules or regulations;

(4) solicit dues or memberships from any State, city, or private agency;

(5) lend money to employees; and

(6) own stock in another corporation.

SEC. 310. REPORT TO CONGRESS.

The Corporation shall, beginning with the first complete fiscal year following the date of enactment of this Act, submit an annual report for the preceding fiscal year, to the President for transmittal to the Congress on or before the 31st day of December of each year. The report shall include a comprehensive and detailed report of the Corporation's operations, activities, financial condition, and accomplishments and may include such recommendations as the Corporation deems appropriate.

SEC. 311. RECORDS AND AUDIT.

(a) The accounts of the Corporation shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants certified or licensed by a regulatory authority of a State or other political subdivision of the United States. The audits shall be conducted at the place or places where accounts of the Corporation are normally kept. All books, accounts, financial records, reports, files and all other papers, things or property belonging to or in use by the Corporation and necessary to facilitate the audits shall be made available to the person or persons conducting the audits, and full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents, and custodians shall be afforded to such person or persons.

(b) The report of each such independent audit shall be included in the annual report required by section 310. The audit report shall set forth the scope of the audit and include such statements as are necessary to present fairly the Corporation's assets and liabilities, surplus or deficit, with an analysis of the changes therein during the year, supplemented in reasonable detail by a statement of the sources and application of funds, together with the independent auditor's opinion of those statements.

(c)(1) The financial transactions of the Corporation for any fiscal year during which Federal funds are available to

finance any portion of its operations may be audited by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States. Any such audit shall be conducted at the place or places where accounts of the Corporation are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things, or property belonging to or in use by the Corporation pertaining to its financial transactions and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances of securities held by depositories, fiscal agents, and custodians. All such books, accounts, records, reports, files, papers, and property of the Corporation shall remain in the possession and custody of the Corporation.

(2) A report of each such audit shall be made by the Comptroller General to the Congress. The report to the Congress shall contain such comments and information as the Comptroller General may deem necessary to inform Congress of the financial operations and condition of the Corporation, together with such recommendations with respect thereto as he may deem advisable. The report shall also show specifically any program, expenditure, or other financial

transaction or undertaking observed in the course of the audit, which in the opinion of the Comptroller General, has been carried on or made without authority of law. A copy of each report shall be furnished to the President and to the Corporation at the time submitted to the Congress.

SEC. 312. FUNDING STUDY; AUTHORIZATION.

(a) The Corporation shall immediately undertake a comprehensive study of the funding levels required to effectively implement a comprehensive tourism development program and all alternative funding measures other than direct Treasury funding and report its findings and recommendations to the Congress and the President within 6 months of its incorporation.

(b) There is authorized to be appropriated for the expenses of the Corporation $9,500,000 for the fiscal year ending September 30, 1980. Funds appropriated for any fiscal year shall remain available for obligation until expended, but no more than 5 per centum of the funds appropriated in any fiscal year may be used for the general administrative costs of the Corporation, the salaries or related expenses of Corporation personnel and members of the Board, or for expenses of consultants and advisers to the Corporation.

(c) Nothing contained in this Act shall be construed to commit the Federal Government to provide any sums for the payment of any obligation of the Corporation which exceeds amounts provided in advance in appropriation Acts.

SEC. 313. TRANSFER OF FUNCTIONS.

(a) Within 180 days after the incorporation of the United States Travel and Tourism Corporation pursuant to this title, the Corporation and the United States Travel Service (hereinafter referred to as the Travel Service) shall take such steps as are necessary to transfer to the Corporation—

(1) the assets, funds, supplies, materials, equipment, and records of the Travel Service;

(2) the rights, privileges, powers, duties, and liabilities of the Travel Service in respect to any contract, agreement, loan, account, or other obligation: *Provided*, That, such transfer shall not limit or extend any period of limitation otherwise applicable to such contract, agreement, loan, account, or obligation; and

(3) any unexpended balances of funds appropriated or otherwise accruing to the Travel Service for expenditure by the Corporation for the payment of any expenses lawfully incurred by the Travel Service.

(b) One hundred and eighty-one days after the incorporation of the United States Travel and Tourism Development Corporation pursuant to this title, the International Travel Act of 1961 (22 U.S.C. 2121 through 2127) and the Act of July 19, 1940 (relating to the encouragement of travel) (16 U.S.C. 18 through 18d) are repealed and the United States Travel Service is abolished.

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